FOREIGN AGRICULTURE

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Picking oranges, Spain.

Algeria's Food Imports Rise

World Coffee Trade

Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE

FOREIGN AGRICULTURE

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This week's cover:

Spanish youngsters enjoying fresh oranges straight from the trees. Spain's production and exports of all citrus fruit were down in the 1973-74 crop year, as a result of adverse weather, trade barriers, and other factors. Story begins on page 5.

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Algeria's Oil and Gas Revenues Pay for Expanded Food Imports

By HERBERT H. STEINER
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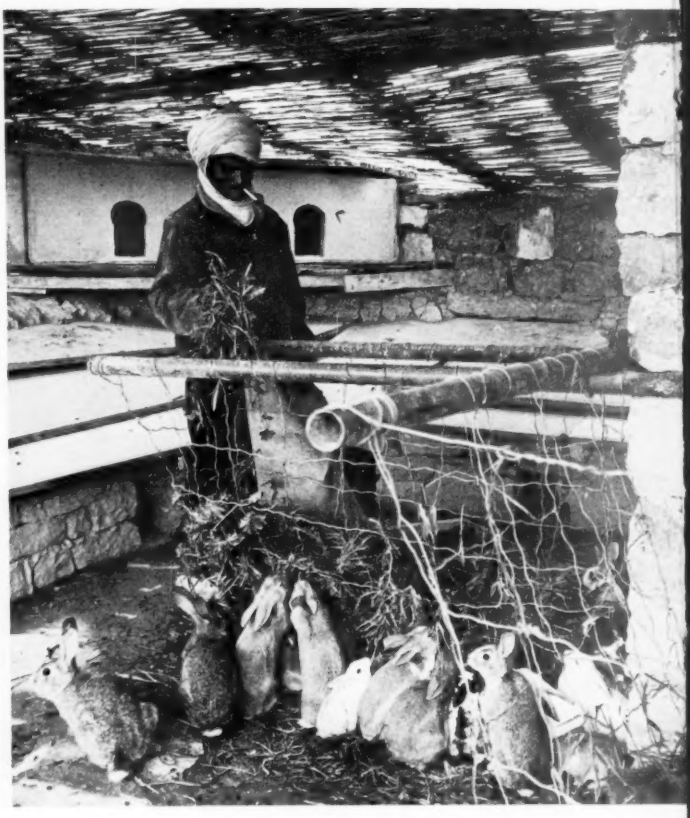

Raising rabbits for food (right) near Cheddi, Algeria. Market (below) in the Algerian Sahara. Olive tree plantation, Tlemcen Province (below, right). All production, distribution, and prices of farm products are controlled by Government.

ALGERIA'S growing economic affluence, while strikingly evident in the country's industrial sector, is at present being felt in the agricultural economy only tangentially.

Despite Government efforts to extend the relatively sudden petroleum-based prosperity to rural areas, the index of agricultural output today is lower than it was 10 years ago, and substantial quantities of imported food are required to fill the widening gap between rising consumer demand and faltering domestic food production.

Financing the country's growing demand for imported farm commodities is not a major problem, since lucrative returns from export of oil and gas products easily generate the foreign exchange needed to finance the overseas purchases.

In fiscal 1974, Algeria purchased $125 million worth of U.S. wheat, and imports of this commodity in the current fiscal year could be as great. A drought in December-January 1973-74 and damaging rain at the end of March depressed the country's wheat crop to the lowest level since 1966.

But even in good years, Algerian production of wheat as well as such other major crops as wine, citrus fruit, vegetables, and olive oil has either marked time or deteriorated. While the Algerian economy as a whole expanded by more than 7 percent in 1973 and continued to boom in 1974, the index of agricultural production declined from a base of 100 for the years 1961-65 to only 82 for 1974.

Food imports have increased, as a result, and with the expanding industrialization trend they probably will continue to increase for some time to come —paid for by returns from oil and gas export.

Algeria's exports are expected to reach $4 billion in 1974—double the 1973 value. Most of the increase is due to higher prices received for oil and gas, the country's principal exports.

European countries—including both members of the European Community and non-Community members—are Algeria's most important customers for petroleum products. Two gas pipelines are to be constructed to serve them—one through Morocco and under the Straits of Gibraltar to Spain; the other through Tunisia and across the Mediterranean and Sicily to Italy.

U.S. imports of Algerian petroleum products were valued at $189 million in calendar 1973, and are scheduled to increase steadily in the future under terms of a $1.7-billion agreement signed in 1973 that calls for exports of 2 billion cubic feet of liquified natural gas annually to the U.S. East Coast.

Algerian imports were valued at $2.5 billion in calendar 1973, and are expected to increase to $4 billion in 1974, mainly due to the country's rapid industrial development and the large volume of capital equipment required. The current 4-year plan aims at increasing imports by 20 percent annually. Agricultural commodities accounted for about 15 percent of Algeria's imports in calendar 1973.

WHEAT, Algeria's major farm import, is both the most important staple in the country's diet and the most important crop. Per capita consumption is more than 300 pounds annually. About two-thirds of total production consists of Durum (hard) wheat grown on thousands of small farms—where much of it is consumed. Bread (soft) wheat, which accounts for the remaining third, is produced on large commercial farms.

In good crop years, Algeria produces more than half the 2.2 million tons of wheat consumed annually, but an increasing volume of imports has been necessary to meet the needs of the rapidly growing population.

A shortfall of about 1.5 million tons is estimated for the 1974-75 (July-June) crop year because of the unusually poor yields, but even if wheat production increases 50 percent above normal by 1978, Algeria still will require imports of this commodity.

The country's principal wheat sources are the United States, Canada, and Argentina. In 1971—the latest year for which Algerian import figures are available—Algeria imported 713,000 tons of wheat valued at $52 million, but in fiscal 1974, the United States alone supplied 770,000 tons valued at $125 million. Total wheat imports in fiscal 1974 are estimated at about 1.2 million tons.

Algeria imported about 60,000 tons of vegetable oil valued at $19 million from the EC and the USSR in 1971. The United States, not ordinarily an important supplier, exported $1 million worth of seed oil to Algeria in fiscal 1974. Algeria has the potential for producing more olive oil, but little effort has been made to modernize production. Nearly half of the olive supply comes from wild trees, and the oil is processed in old mills—many of them run by animal power.

Imports of dairy products were valued at about $21 million in 1971—the latest year for which data are available. France was the principal supplier. Large-scale feedlots, dairy farms, and milk processing plants are planned to supply part of the rising demand for meat and dairy products.

Imports of live cattle—mostly from the Netherlands—were valued at $1.5 million in 1971. Total feed imports in 1971—mainly from France—were valued at $2.6 million and fiscal 1974 U.S. sales of corn and barley alone to Algeria were valued at more than $2 million.

Algeria's 1971 sugar imports were valued at $33 million; coffee, cocoa, tea, and spices at $7 million; potatoes, $5 million; cotton, $5 million; rapeseed, $7 million; tallow, $3 million; tobacco, $2 million; bananas, $2 million; and pulses, $2 million.

U.S. exports to Algeria totaled $241 million in fiscal 1974, of which $148 million was in farm products—wheat, $125 million; rice, $2.2 million; beans, peas, and lentils, $2.9 million; tallow, $12 million; barley, $1.1 million; corn, $1.1 million; cotton, $1.5 million; and tobacco, $282,000.

ALGERIAN exports in 1971 were valued at $852 million, of which agricultural items accounted for $107 million.

Wine continues to be Algeria's principal agricultural export, although total vineyard acreage has been cut by 50 percent since 1961. The predominant Algerian wine is a full-bodied red wine of 13 percent or more alcoholic content. Before 1966, Algerian wine had a favored position in the French market, where it was blended with the weaker French wines.

When this arrangement was terminated, Algeria had difficulty in finding other markets for its wine. The Soviet Union finally agreed to take 132 million gallons per year from 1969 through 1975 in a barter exchange for seed oil, wood products, and industrial equipment. As a result of this arrangement plus the establishing of other export markets in Africa and in some Eastern countries, the large stocks of wine that had been accumulating have now been substantially reduced.

Basically a Moslem country, Algeria

Loading wine for export, Algiers. France, once Algeria's major wine export market, has been replaced by the USSR and Eastern Europe.

consumes little wine, but continues to produce it because grapes are the most profitable crop for steep hillsides and rough terrain. Also, vineyards require about 227 man-days of labor per acre annually—an important consideration in a country that has a relatively high rate of unemployment.

At present, only about 6 percent of the outturn of wine is bottled with the vintage year marked, but plans are to switch to these better quality wines. Also, the area in fresh grapes and raisin grapes is expected to increase from 50,000 acres in 1974 to 125,000 acres in 1980.

Wine production in 1973 amounted to 172 million gallons. In 1971—the latest year for which data are available—wine exports were valued at $59 million. The Soviet Union—the principal destination—accounted for $52 million of the total export value.

Algeria would prefer to have unrestricted entry of its wine into the EC market, but France and Italy want an entry price not lower than the EC reference price—a situation that discourages the marketing of Algerian wine in those countries.

Citrus exports in the November 1973-March 1974 period included 87,000 tons of oranges. France was the most important customer, followed by Czechoslovakia and Poland. In recent years, Algerian citrus fruit exports have totaled $18-20 million annually.

Date production averages about 140,000 tons annually, of which about 18,000 tons of the Deglet Noir variety are exported. Most of the country's 8 million date palms are in the southern parts of Saouara and Aures Provinces. Date exports were valued at about $6 million in 1971.

Other Algerian agricultural exports in 1971 included preserved fruits and vegetables, valued at $4 million; hides and skins, $4.1 million; potatoes, $2.9 million; and bran and oilseed cake, $5.1 million. Virtually all these items went to EC countries.

U.S. imports from Algeria in fiscal 1974 totaled $476 million—mostly petroleum products. The only agricultural items were small amounts of dates, geranium oil, and capers, totaling $117,000 in value.

Algeria's long-range policy is to build an industrial structure that will maximize the value of the country's important natural resources—petroleum, natural gas, iron ore, and phosphate rock. Although all of these commodities are being exported from Algeria, the eventual goal is to establish domestic industries that will consume substantial amounts of domestic natural resources and thus shift Algeria's trade position from that of an exporter of raw materials to one of finished and semifinished products.

Oil, for example, is to be refined domestically and processed into petrochemical products; iron ore will support an Algerian steel industry; and phosphate rock will be converted into fertilizer products.

Under Algeria's 1970-73 economic development plan, about $7 billion was invested in domestic manufacturing and processing industries, and the 1974-77 plan calls for further ivnestments totaling about $27 billion—about 90 percent of which is to come from oil and gas revenues.

Algeria's total industrial production is projected to increase by 55 percent during the 4-year period as a result of the considerable current and projected investments.

The iron and steel and petrochemical industries again are to have priority in the 1974-77 development plan, as they had in the previous economic scheme.

There are three main geographic areas affected by the development plans. In the west, an industrial belt about 50 miles long is to extend from Oran through Arzew to Mostaganem. Arzew, with its oil refinery and gas liquification plants, is slated to become one of the most important petroleum ports on the Mediterranean.

Arzew already has a major plant producing ammonia, ammonium nitrate, urea, and nitric acid for fertilizer.

South of Oran, at Sidi Bel Abbes, construction is to begin in 1976 on an agricultural equipment plant that will produce about 40 different types of farm machines—from plows to combines.

In the east, the industrial triangle formed by Annaba, Skikda, and Constantine includes the El Hadjar iron and steel complex near Annaba that is being expanded to a capacity of 2 million tons annually by 1976.

Annaba also has a fertilizer plant with an annual capacity of 200,000 tons of triple superphosphate, 125,000 tons of ammonium phosphate, and 225,000 tons of mixed fertilizers. Ammonium for the plant comes from Arzew, and the phosphate rock from Djebel Onk.

Among the dozens of other plants planned for the Annaba area is one for processing 100,000 quarts of milk daily.

Skikda is slated to become Algeria's second petrochemical center. It has a gas liquification plant, and will have a seawater desalting unit with a capacity of 280,000 gallons per hour.

In Constantine, the key unit is a complex for the manufacture of diesel engines and tractors.

But it is Algiers, the country's principal economic and industrial center, that has the most diversified range of industries, including a large number of food processing units, oil refineries, automobile assembly plants, clothing factories, and publishing houses.

Virtually all industry in Algeria is now owned and operated by about 500 State companies. Although private capital has no role in the domestic economy, foreign capital is free to participate in specific projects, to provide technical assistance, and to form partnerships with Algerian State-owned companies.

U.S. companies have signed contracts valued at more than $1 billion with Algerian companies, and negotiations between the Algerian Government and American companies involve projects valued at more than $6 billion.

In contrast to the rapid growth of Algeria's industrial sector, however, agricultural production has not even kept up with the increase in population. Industry clearly has priority.

The index of agricultural production has been below the 1961-65 average for the past 2 years, and exceeded it by only 6 percent in 1968—the best in recent years. Yet the long-term goals for agriculture are ambitious.

The Government's immediate objective is to raise the standard of living of the rural people and let them share in the petroleum-generated wealth.

Algeria has about 23 million acres of arable land. The best of this—about 6 million acres—is occupied by 1,900 farms that were socialized in 1963 after their former French owners left.

These are now the so-called "self-managed" farms, operated by the tenants. They employ about 135,000 permanent and 100,000 seasonal workers, and account for about 60 percent of Algeria's total agricultural production. About 1.1 million people depend on these farms for their livelihoods.

The balance of the arable land—about 16 million acres—is privately owned and supports more than 5 million people at a much lower standard of living than that of the socialized farms.

The announced aims of Algeria's agrarian revolution are to distribute land among more people and to enlarge units that are too small for efficient farming. "The land to those who work it," is the official slogan.

In the first phase of the agarian revolution, communal and Government land was distributed, and owners were asked to donate land voluntarily for redistribution. At the end of the first phase, 50,000 allotees had received a total of about 1.8 million acres—an average of about 35 acres apiece.

In the second phase of the agrarian revolution—which began in March 1973—land taken from the large farms was distributed in smaller, family-size units. During this critical phase, students were enlisted to travel in the rural areas and explain the program to farmers.

The final phase of the agrarian revolution will tighten grazing regulations and the exploitation of forests and waterways.

Ultimately, all privately owned and socialized farms are to be integrated into a cooperative marketing system, and all agricultural prices are to be set by the Government.

Spain Tallies Smaller Harvest And Exports of Citrus Fruit

By JOSÉ E. VIDAL
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SPAIN'S OUTPUT of citrus fruit in 1973-74 (October-September) was down about 6 percent from 1972-73 levels, while exports in the same period dropped by 14 percent.

The volume of processed fruit was about 11 percent less than that of a year earlier, and processed fruit exports were sharply lower in most categories.

A combination of adverse weather, disease, and insect problems is blamed for the decline in production, whereas the reduced export sales are attributed to such factors as repeated suspension of exports as a result of the loss of European Community tariff preferences, hardening of the peseta, increased competition from Israel and Morocco, and strikes in France in the early part of the season.

Citrus production in 1973-74 amounted to 2,606,000 metric tons, compared with 2,870,070 tons harvested in the 1972-73 crop year.

Oranges accounted for 1,947,000 tons of the total crop; tangerines, 537,000 tons; lemons, 206,000 tons; and grapefruit, 6,000 tons.

THE BEGINNING-OF-SEASON estimate for the 1974-75 citrus crop is for 2,630,000 tons—only marginally below the 1973-74 total—with oranges expected to account for 1,867,000 tons; tangerines, 571,000 tons; lemons, 186,050 tons; and grapefruit, 5,400.

The Spanish citrus industry's progressive change in varieties is expected to give Spain a bigger post-Christmas share of the West European market.

Blood and common oranges have declined in outturns, while Satsumas, Navelinas, Navelates, and Valencias have risen sharply. It is estimated that Navel oranges will, in another few seasons, account for half the total Spanish orange crop.

Some growers—particularly in Murcia Province—are shifting portions of their production of oranges to grapefruit.

Soaring input costs continue to be the major deterrent to substantial improvement in cultural practices. Government subsidies for replacement of diseased or suspect citrus trees by tristeza-resistant seedlings resulted in the planting of 1,372,000 seedlings in the 1972-73 season, compared with only 567,628 plants in 1971-72. Official data for 1973-74 are not yet available, but indications are that nearly 2 million seedlings were planted to replace tristeza-diseased trees.

Biological control of the white fly—a spectacular success in Malaga Province—is now being extended to Valencia, Castellon, Murcia, Alicante, and other citrus-growing areas.

The major declines in export volume were in oranges (down 18.4 percent) and lemons (down 10.4). Producers and exporters alike saw their profits evaporate as excellent prices obtained early in the season declined. Grapefruit exports, however, were a strong 56.6 percent above 1972-73 sales.

Spain's total citrus exports in the 1974-75 season are projected by the Spanish Fruit and Vegetable Syndicate at 1,641,000 tons, including 1,050,000 tons of oranges, 450,000 of tangerines, 140,000 of lemons, and 1,000 of grapefruit—essentially the same amounts exported in the 1973-74 season.

The projections assume that the smaller apple crop in Western Europe and reduced banana supplies will encourage citrus consumption, despite economic recession problems.

The Syndicate's projections, however, evidently include Government subsidies to bridge the gap between export returns and reasonable profits. Trade sources are of the opinion that export prospects are possibly better than last year's, but well below the average for recent seasons.

Early Clementines, Satsumas, and Navelinas—for which West European markets traditionally pay premium prices early in the season—are more plentiful this season. If the extra vol-

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Rising Output, Lagging Demand Hit Coffee Trade

By NEIL A. LAWRANCE
Foreign Commodity Analysis,
Sugar and Tropical Products
Foreign Agricultural Service

AT A TIME when supplies of many farm products are tight and their prices high, the world coffee market is encountering a somewhat different situation. Following a brief experience with shortages in 1973, the market now faces a near-record 1974-75 crop, relatively high inventories in consuming nations, and reduced returns for the producing countries.

The forthcoming world coffee harvest is currently forecast at around 79 million bags (132.3 lb per bag)—a 25 percent jump over the 1973-74 crop and the largest one since 1965-66. Exportable production, estimated at just under 59 million bags, will be up about 30 percent.

Much of this gain is expected in Brazil, whose 1974-75 harvest is estimated at 27 million bags, compared with only 14.5 million in 1973-74. The expansion comes despite the high cost and short supply of certain farm inputs, such as fertilizer, and reports that rust control measures have been inadequate in some areas.

Other areas are also expecting excellent crops.

Colombia's estimated production of 9.5 million bags for 1974-75, if realized, would surpass the 1972-73 record.

The outlook for Africa is good, with recovery from the 1973-74 drought-stricken crop seen for several major producing countries. Production in Kenya may equal the 1973-74 crop, as favorable rains have revived coffee trees adversely affected by the recent drought. However, concern continues there over the possibility of an outbreak of Coffee Berry Disease.

Production of coffee in Asia, particularly India, continues its recent upward trend. India's 1974-75 production estimate of 1.67 million bags, if realized, would be the second largest on record, with exports up to 1 million bags.

These prospects for a near-record crop coincide with already-ample coffee supplies. Inventories in many consuming nations were built up since the middle of 1973 and as late as September 1974 were still at relatively high levels. Behind the stock expansion were anticipatory purchases in the wake of rising coffee prices in 1973, the threat in September 1974 of a U.S. dock strike, and the chronic concern over frost possibilities in Brazil.

The threat of frost in Brazil passed, a settlement was reached to avert the anticipated U.S. dock strike, and all the while stocks were mounting. By the end of May 1974, such inventories in the United States—the largest market—were up to 5.1 million bags, or about 2 million bags above normal.

Further aggravating the situation are high interest rates, a clouded economic picture in both the United States and Europe, and, in turn, sluggish world coffee trade. In fact, world trade during the last few months has declined markedly, as importing countries have shifted from inventory accumulation to inventory liquidation. As a result, many exporting countries have large, unsold inventories.

In the United States, the stock drawdown has reduced supplies of green coffee to working levels, but it is uncertain at this time how much import demand will be stimulated.

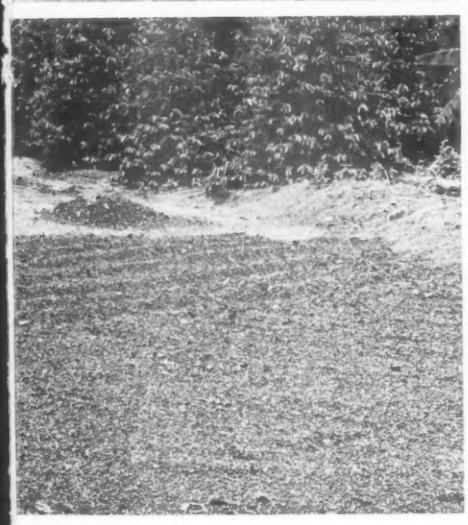
In the meantime, the inventory drawdown in importing countries and the expected large coffee crop have reduced prices of the four major types of coffee from the near-record levels of early June. Recent prices have been below their longer-term averages in terms of real dollars, although above the actual yearly average prices.

In early June, the New York spot price for Santos 4's (a standard Brazilian grade) was 76 cents per pound, and Colombian Milds sold for 83 cents. By November 1974, the Brazils had fallen to 64 cents and Colombian Milds to 73 cents—off 16 percent and 14 percent, respectively.

The Other Milds (coffee mainly produced in Latin America) have shown the sharpest decline, dropping 22 percent from the high of 74 cents a pound in June to an early November level of 58 cents. Robustas (Ambriz AA) have decreased about 13 percent from June levels.

The downward price trend was re-

Above, branches of Arabica coffee tree. Right, a Brazilian coffee plantation. Below, raking coffee berries in drying yard so they will dry evenly in sunlight and air—a common practice among small farmers in Brazil and other coffee producers. Expanding world output of coffee and slowing demand have recently overtaken these producers, reversing the tight supplies and high prices evident in 1973.



flected in the fall of 1974 by some major U.S. coffee roasters, who have cut wholesale prices on regular ground coffee by 8 cents a pound. What effect the price reduction will have at the retail level is uncertain at this time. As of mid-September, the average retail price of roasted coffee in the United States was $1.31 per pound.

In the absence of any economic provisions in the International Coffee Agreement, the producing countries in 1973 and early 1974 sought to maintain prices at their high levels by establishing marketing companies such as Cafe Mondial, S.A. and Cafe Otros Suaves. The existence of these organizations had little effect on prices.

More recently—shortly after the International Coffee Organization meetings in September 1974—19 of the world's coffee producers, accounting for more than 85 percent of world coffee exports, entered into an undertaking to withhold about 16 million bags of coffee from the world market in 1974-75. This effort to bolster prices in world markets calls for limiting exports to 48 million bags in the 1974-75 coffee year, or about 8 million bags below consumption requirements for the importing countries.

It is currently uncertain whether such a retention scheme can actually be implemented. To hold large inventories of coffee off the market would require substantial amounts of capital, since interest rates are still at very high levels, and adequate warehouse facilities.

Many of the smaller producing countries, particularly those in Central America, lack the financial ability to do this, since a substantial portion of their foreign exchange earnings is derived from coffee sales. Six Latin American countries annually obtain more than 20 percent of their foreign exchange revenue from coffee, with their reliance on coffee ranging from 22 to 52 percent of overall foreign exchange receipts.

In addition, many African countries are highly dependent on coffee.

Moreover, though producing countries have expressed plans to bolster sagging coffee prices, some are still competing aggressively to sell coffee at discount prices. There has, for instance, been evidence of producers offering "special deals" whereby coffee is sold at advantageous prices through rebate systems. Resulting price reductions are thus made at the expense of other producers.

And all the while sales have been slipping in the important U.S. market. Here, the 1974 season began with extremely large green coffee imports, but after the first 4 months takings fell sharply. Consequently, U.S. purchases during January-September 1974 were down 7 percent from those of the previous year to 15.8 million bags—smaller also than the 1970-73 average for the period of 16.5 million bags. And for full-year 1974, they are estimated off 13 percent from the previous year to 19 million bags.

At the same time, there has been a considerable change in types of coffee imported by the United States.

Imports of unwashed Arabicas (produced mainly in Brazil and Ethiopia) have been decreasing for the past 2 years. Green coffee imports from these two countries declined to only 16 percent of the total U.S. market in the first 9 months of 1974 from over 25 percent of the market in January-September 1973. Imports of the Other Milds (mainly from Central America and Mexico) fell to 28 percent of the U.S. market during January-September 1974 from 34 percent in a comparable period of 1973.

Partially offsetting these declines was a jump in Robusta imports from Africa and Indonesia, which increased their market share to 37 percent from a 1973 level of 27 percent. Colombian Milds also showed gains, increasing to about 19 percent of the U.S. market from 14 percent of the market in 1973.

Most of the lost market shares in the United States have been absorbed by soluble coffee, imports of which have risen dramatically during the past few years. In 1973 alone, the United States boosted such imports 25 percent above the 1972 level to about 1.6 million bags (green-bean equivalent). Brazil continues as the major U.S. supplier of this type, in 1973 supplying 930,000 bags, or 60 percent, of U.S. soluble imports.

Coinciding with the increase in soluble imports has been the rapid increase in soluble (instant) coffee consumption, not only in the United States but Europe as well. Although the rate of regular coffee consumption is at an alltime low of 1.5 cups per day per person, instant coffee is being consumed at a record high of 0.75 cups per day, based on a survey by the Pan American Coffee Bureau.

Contributing to the increased demand

Continued on page 12

Food Price Indexes Advance In 13-Country FAS Survey

FOR THE FIRST TIME in a year, food price indexes have advanced in all 13 countries surveyed by USDA's Foreign Agricultural Service. Indexes are compared on a 1-month, 3-month, and 1-year percentage basis.

Sweden headed the advance on a 1-month basis with a rise of 4 percent. Italy followed with the greatest increase on a 3-month basis (8.8 percent), and on a 1-year basis Japan took the lead with 29.2 percent. On a 1-year basis, the price indexes of seven countries outpaced increases in the U.S. price index.

In view of the short supply and great demand for sugar, this food has been added to the list of items covered in the FAS bimonthly survey. Rice, also, is covered in the current survey for the first time, adding to the comparative price gathering in the grains category.

In sharp contrast to the price of 8 U.S. cents per pound paid for sugar in Mexico City, the price in Washington, D.C. is 79 cents. In Stockholm, the price of rice is 58 cents per pound compared with 29 cents in Rome.

Roast pork was deleted from the current survey for two reasons—prices of four pork products had been reported, and a different roast pork cut was being quoted in different capitals, causing unrealistic variation in prices reported for pork roast in the capitals.

Higher prices for better cuts of meats in most world capitals may be attributed to holiday buying. In Brussels, Bonn, Copenhagen, London, Rome, and Washington, the price of meat advanced slightly. In Mexico City, meat prices were down moderately, reflecting an increase in supplies.

Sales of slaughter cattle in Mexico normally increase in November and December. Ottawa reports the decline in hog marketings is beginning to be reflected in higher retail prices of pork cuts. Prices are expected to increase further throughout the first half of 1975, as a result of anticipated lower slaughter levels during the period. Prices of ham and bacon in Paris are higher as a result of increases in processing costs.

Broiler prices advanced in seven of the 15 capitals covered in the survey. A price decrease was reflected in only three, and prices in five remained the same. The downward changes in Australia and the Netherlands are attributed to larger supplies of broilers.

Current egg prices are down slightly in Brussels, and are about 35 percent below those of a year ago. Seven other capitals reported decreases in egg prices. In some countries, the sugar shortage has cut down on home baking and has lessened demand for eggs for that purpose. In Tokyo, most stores limit sugar sales to 1 kilo (2.2046 pounds) per customer.

Buenos Aires reported hard and semihard paste cheeses increased 17 percent. Cheese was up in France, following a

FOOD PRICE INDEX CHANGES IN SELECTED COUNTRIES

Country	Latest month	Index 1970=100	Percent change from Prev. month	Three months	One year
Belgium	Dec.	129.3	+0.4	+2.9	+ 3.7
Brazil	Nov.	245.7	+1.1	+4.6	(1)
Canada	Nov.	152.9	+1.3	+3.1	+15.7
Denmark	Nov.	154.9	+1.3	+4.9	+12.8
France	Nov.	147.7	+1.1	+3.1	+12.5
Germany	Nov.	124.8	+ .8	+1.1	+ 4.8
Italy	Oct.	157.6	+2.4	+8.8	+24.0
Japan	Oct.	168.1	+1.9	+6.7	+29.2
Mexico	Nov.	174.3	+2.0	+4.4	+25.9
Netherlands	Nov.	133.7	+1.1	+3.5	+ 8.3
Sweden	Oct.	138.5	+4.0	+4.0	+ 8.0
United Kingdom	Nov.	175.2	+2.6	+6.8	+18.5
United States	Nov.	146.0	+1.1	+3.0	+11.9

[1] Not available.

SURVEY OF RETAIL FOOD PRICES IN SELECTED CITIES, JANUARY 3, 1975
[In U.S. dollars per lb, converted at current exchange rates]

City	Steak, sirloin, boneless	Roast, chuck, boneless	Pork chops	Ham, canned	Bacon, sliced, pkgd.	Broilers, whole	Eggs, dozen	Butter	Cheese: Edam, Gouda, or Cheddar	Milk whole, quart	Oil, cooking, quart	Tomatoes	O y
Bonn	4.67	2.71	2.13	1.67	3.30	0.78	1.10	1.55	1.75	0.40	1.88	0.60	
Brasilia	1.07	1.07	1.63	2.39	2.64	.66	.72	1.26	2.39	.22	1.25	.19	
Brussels	3.23	1.79	1.69	2.68	1.51	1.02	1.03	1.50	1.78	.38	1.63	1.22	
Buenos Aires[1]	.83	.42	.43	(2)	1.20	.60	.75	1.25	1.74	.20	.66	.27	
Canberra	1.31	.79	1.46	2.35	1.99	1.19	1.15	.88	1.32	.40	1.42	.39	
Copenhagen	4.67	2.01	2.42	2.93	2.60	1.04	1.40	1.43	1.61	.37	[3] 2.67	1.28	
London	2.68	1.39	1.46	1.36	2.07	.61	.96	.56	.92	.19	1.50	.82	
Mexico City	1.19	1.16	1.52	2.41	1.70	.83	.95	2.08	2.60	.30	[4] 6.81	.17	
Ottawa	2.10	1.40	1.36	1.81	1.43	.78	.86	.94	1.50	.49	1.57	.70	
Paris	2.61	1.49	1.63	2.59	3.21	.91	1.09	1.51	1.51	.31	1.60	.82	
Rome	2.98	2.31	1.88	2.16	1.53	1.06	.99	1.74	1.44	.37	1.40	.46	
Stockholm	4.41	1.94	2.11	3.08	2.68	1.44	1.28	1.35	2.21	.32	3.64	1.33	
The Hague	3.40	2.23	1.99	3.99	3.09	.69	1.06	1.38	1.54	.33	.78	.91	
Tokyo	15.10	4.00	2.57	4.06	3.32	.91	.91	1.89	1.78	.70	1.58	.75	
Washington	2.12	1.06	1.90	2.08	1.56	.53	.91	.90	1.78	.46	2.06	.62	
Median	2.68	1.49	1.69	2.40	2.07	.83	.99	1.38	1.74	.37	1.58	.70	

[1] Government ceiling prices are listed for meat. [2] Not available. [3] Not commonly used for cooking. [4] Olive oil.

5 percent increase authorized by the EC Commission in Brussels.

In Australia, dairy products prices eased slightly from the previous survey's sharp increase. Milk prices rose in six capitals and remained the same in nine. Butter prices were lower in only two cities surveyed, higher in eight, and remained the same in five. Stockholm reported dairy products and meat still subject to price ceilings, but prices for these and other products may be modified as a result of an agreement on higher prices to farmers beginning January 1.

For this price survey, Mexico City reported the price of olive oil as a cooking oil. Use of this relatively expensive oil for cooking explains the wide variance in the price range for this commodity as compared with other countries.

Tomatoes, out of season in most countries, were higher in price. Paris was the exception, reporting fruit and vegetables generally cheaper because of ample supplies. In London, orange prices were up, signaling the end of supplies from South Africa and the start of the Spanish shipment season. In other capitals, fruit and vegetable prices followed seasonal trends.

The FAS survey is conducted in 15 world capitals covering 18 food items priced in retail markets. Exchange rates for converting foreign currencies to U.S. dollars account for some price differences. Food price indexes are presented for 13 countries.

—By SIDONIA R. DICOSTANZO, *FAS*

s	Onions, yellow	Apples	Oranges, dozen	Bread, white, pkgd.	Rice	Sugar
	0.28	0.30	1.26	0.59	0.34	0.29
	.19	.41	.42	.47	.33	.12
	.13	.39	1.09	.27	(2)	.28
	.09	.31	.42	.30	.32	.26
	.31	.15	1.44	.36	.32	.11
	.31	.32	1.60	.53	.55	.26
	.14	.33	1.55	.19	.46	.23
	.13	.44	.27	.27	.38	.08
	.20	.45	.90	.31	.58	.64
	.19	.18	.88	.72	.35	.23
	.18	.21	.71	.41	.29	.26
	.42	.39	1.39	.68	.58	.42
	.13	.22	.52	.23	.46	.25
	.18	.39	2.20	.48	.33	.42
	.17	.36	1.38	.48	.45	.79
	.18	.33	1.09	.41	.38	.26

World Weather

Weather trouble spots throughout the world diminished somewhat in December and early January. Although it remained wet, most of Europe experienced exceptionally mild weather. Coupled with occasional dry periods, farmers made good progress toward completing harvests and seeding of winter crops. Rains finally spread into Bulgaria and southern Romania, relieving the prolonged drought and greatly improving winter grain prospects.

In contrast, weather has been much colder and drier in much of Siberia and Kazakhatan than is usually expected in these areas.

The Mediterranean Basin remained dry in December at the expense of crop growth and development, except in the extreme east portion. General rains fell over western areas in mid-January.

Northern India and Pakistan picked up much-needed rain in December to improve the outlook for winter crops in both of these countries, but very little rain fell during the first two weeks of January.

The rainy season began in earnest in Brazil, giving a boost to summer crops and some minor problems to the small-grain harvest.

GRAIN. Well-above-normal temperatures in much of Europe delayed crop dormancy and enchanced germination and development of late-seeded small grains. Although precipiation often exceeded twice the normal, there were periods of dry weather, allowing growers to make progress in completing planting of winter grains. Lack of dormancy in many areas leaves small grains vulnerable to winter injury if extremely cold weather should occur. Cold weather is also needed to improve soil conditions and kill hibernating pests.

The prospects for winter wheat improved considerably in Romania and Bulgaria as early winter precipitation relieved many months of drought. Early January snows brought much-needed moisture and cover to northern U.S. winter wheat.

There were widespread rains over large portion of northern India around the beginning of the new year, although rainfall has been sparse since then. These were considered to be very beneficial to the wheat crop and other rabi (spring harvested) crops which had been planted under dry conditions. Weather conditions during the next 8-10 weeks will be very important.

Stress increased on grains throughout much of the Mediterranean Basin until relieved by rains in mid-January. The western portions were affected the most. Spain, Tunisia, Algeria, and Morocco normally expect and depend on rain at this time of year—and it was very late in coming. Turkey and other extreme eastern Mediterranean countries have fared better.

In the Southern Hemisphere, harvesting of small grains nears completion. Rains interfered somewhat in Brazil and a bit in Argentina, but the moisture was needed for corn, sorghum, and other summer grains. Harvesting in Australia benefited from quite dry weather.

HORTICULTURE. Weather has been excellent for fruit in Argentina, and the second largest apple and pear crop is expected. Hail did considerable damage to apples in the important Nelson area of New Zealand. Citrus fruit prospects in Texas and Nuevo Leon, Mexico, were reduced by freeze on January 13-14. Less hardy vegetables also suffered. Late-December cold caused some damage to citrus, avocados, and vegetables in parts of California.

OTHER CROPS. Sugar beet digging poked along in Europe, with much of the salvaged crop going to livestock feed. In Denmark, beet deliveries continued at a normal level, despite the wettest fall weather of this century.

Rains in Brazil, though tardy, were beneficial to soybeans, cotton, and other summer crops.

Range and pastures in much of the Northern Hemisphere remained open to grazing later than usual this winter, reducing supplementary feed needs. Forage crops improved in Brazil and Argentina from December rains.

Problems Continue To Restrict Indian Tobacco Output and Trade

By HERBERT FINLEY RUDD II
Foreign Commodity Analysis, Tobacco
Foreign Agricultural Service

INDIA—THE WORLD'S third largest producer and exporter of tobacco—counts tobacco as one of its leading foreign exchange earners. However, inadequate monsoon rains, plus other problems such as fertilizer shortages, may have dimmed prospects for the 1974-75 crop and thus chances of reversing the recent downward trend in production.

This, in turn, could prevent India from fully capitalizing on the current strong world demand and high prices for tobacco to earn the additional foreign exchange desperately needed to finance oil and food imports.

With tobacco land in India lacking adequate moisture for fall plantings—and short supplies and high prices of fertilizer, petroleum, and pesticides—India's 1974-75 crop could fall from the low output of 1973-74, thwarting Government plans calling for increased production for export.

Such goals also were upset in 1973-74, when the crop (harvested during January-March 1974, depending on region) fell 2-3 percent below the previous year's to 783 million pounds. And that crop had been 13 percent under the 1971-72 record of 924 million pounds.

One positive factor, however, was that 1973-74 production of flue-cured—which accounts for 30 percent of India's tobacco crop and most of its exports—was about unchanged from 1972-73's crop of 245 million pounds.

Although exceeded only by the United States and the People's Republic of China in tobacco production, India faces some difficult, chronic problems in its tobacco industry. Productivity of Indian tobacco farming is low as a result of erratic weather and moisture conditions, lack of fertilizer, and limited mechanization.

Such problems have held average tobacco yields per acre to 40 percent of U.S. yields and caused annual production and price levels to fluctuate widely. Thus, while India's tobacco acreage exceeds U.S. area by 20 percent, its annual production remains at less than half the U.S. level.

Moreover, Indian flue-cured, grown primarily in the black-soil regions of Andhra Pradesh, has been losing ground to cotton and grains. The result of more irrigated land being made available by the Nagajan Sagar irrigation project, this shift has particularly favored cotton, which until recently has been about twice as lucrative as flue-cured.

To protect foreign exchange earnings derived from flue-cured exports, the Government has begun to encourage flue-cured production in light soils. Already, some 80,000 light-soil acres have been newly planted to tobacco. Light-soil leaf tobacco is significantly higher in quality than that of the traditionally grown variety. Tar and nicotine content of light soil leaf is also lower, prompting 1974 buyers to pay up to 900 rupees per quintal (about 53 U.S. cents per lb) for this type, compared with 500-600 rupees per quintal (about 33 U.S. cents) for black or heavy soil leaf.

Still, tobacco acreage in India has declined, as cotton plantings in Andhra Pradesh have risen from 60,000 acres in 1971-72 to 3.15 million in 1973-74. Thus, unless the light-soil replacement program achieves greater success, India's flue-cured production is likely to decline further.

One result of these problems is that India has been unable to fully capitalize on the current tight supply situation in the world tobacco market, and thus earn more vitally needed foreign exchange.

Nevertheless, India tobacco continues to rank as a major export, bringing in some $80 million in foreign exchange earnings last year, and ranking as about the sixth largest agricultural export. Only the United States and Turkey surpass India in tobacco exports, which amount to about 7 percent of the world total. (Licensing requirements limit India's leaf imports to small quantities, and the Government prohibits the import of tobacco products, except in duty-free shops.)

In recent years flue-cured has accounted for nearly 90 percent of India's leaf exports. As a result India is second only to the United States as the major flue-cured exporter, supplying 10 to 15 percent of such leaf entering world trade.

In the past the United Kingdom and the USSR have alternated as India's biggest customer for flue-cured, followed by Bangladesh and Japan. Together, these countries generally take some 70-80 percent of India's flue-cured exports.

These exports compete with those of the United States for U.K. and Japanese markets, which take an average 22 and 13 percent, respectively, of U.S. flue-cured exports.

U.S. flue-cured—higher in both quality and price—has had an edge over the Indian product and accounts for about 40 percent of the U.K. import market. India has been providing only 12-13 percent of U.K. imports, but as a recipient of special trade concessions in the European Community, its share is expected to increase.

In 1973, when the United Kingdom joined the EC, India began losing preferential access to the U.K. market. However, in 1974 the EC established a special import quota permitting up to 30 million units of account of flue-cured to enter at only half the Common External Tariff duty. Eighty percent of this import quota has been allocated to the United Kingdom. Thus, while the tariff preference is available to all non-associated developing countries, India should be the major beneficiary.

As much as 65-70 percent of Indian leaf falls into "other" category, but little of this type is exported. Native air-cured tobaccos used in beedies (small leaf-wrapped cigarettes), hookah smoking tobacco, and chewing tobacco account for most of this residual group. Burley tobacco has been less than 1 percent of India's total leaf crop in recent years.

Also important to India is the manufactured tobacco industry. In 1973, India's cigarette industry produced nearly 70 billion pieces—a level which some sources think may soon double, despite efforts by the Indian Government to restrict expansion by foreign-owned firms. Such products are a major source of tax revenue for the Indian Government and in fiscal 1974-75

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South Africa's Farm Sector Has Alltime Best Year in 1974

SOUTH AFRICAN agriculture experienced one of its best years ever during 1974, as production, exports and earnings all soared above previous records. Corn from the largest harvest in the country's history was top export earner in 1974, with exports from the 11-million-ton crop continuing to move out in the early months of 1975.

For almost all crops, South Africa's production in 1974 rose to unprecedented levels, while producer prices continued to show fairly marked advances. Consequently, the gross value of the country's farm production spiraled to an alltime high.

Farmers' net incomes also increased to new heights, despite the larger amounts spent on intermediary goods and services and generally higher outlays for agricultural requirements.

South Africa's gross national product grew about 9 percent in real terms in 1974. Exports, imports, investment, manufacturing, and mining—in addition to agriculture—were all significantly above 1973 levels. When all statistics become available, the value of South Africa's agricultural exports during 1974 is expected to total close to $1.4 billion—highest in the country's history.

Record agricultural harvests, particularly those of corn and sugar, together with skyrocketing international prices for these products, played an important part in the sharply higher export earnings. Sugar exports alone—855,000 tons in the 1974-75 season—could yield foreign exchange earnings of approximately $300 million.

Corn exports, however, are likely to be agriculture's largest foreign exchange earner during 1974-75. An exportable surplus of between 3.5 million and 4 million tons appears likely from the estimated 11-million-ton crop, considering the increase in domestic consumption, farmers' retention for their own consumption, and the maintenance of a necessary domestic stock level.

Because of poor corn crops elsewhere in the world and the sharp upward trends in international corn prices, economists predict—and present prospects are good—that South Africa could earn a record $500 million from its large exportable surplus of corn.

Further, it was not possible to complete the large corn shipments during 1974, so that the Republic will continue to experience the favorable effects of increased export earnings from the 1974 crop for quite a number of months in 1975. Major markets for South African corn this season are the European Community, Venezuela, the Republic of China (Taiwan), Japan, and Spain.

In sharp contrast to trade upswings in corn, sugar, fresh fruit, canned fruit, and other agricultural commodities, South Africa's wool exports nosedived in 1974. The value of wool exports declined by a dramatic 67 percent or more, compared with 1973's. The domestic market was unable even to absorb the decline in offerings and the average price fell by about 38 percent.

Another unsatisfactory situation affecting the economy was, of course, the rampant rate of inflation, which in midyear reached 12 percent, against the corresponding period of the previous year. Inflation is continuing, stimulated by a rise in costs, including soaring import prices, high interest rates, wage and salary adjustments, increased food prices, expensive housing, and higher service costs.

South African farmers in 1974 were caught in a vise between the spiraling costs of agricultural inputs and controlled returns for products sold to the 22 commodity marketing control boards. Consequently, the coffers of the control boards' reserve funds swelled and are available for lean years.

During 1974, the question of farm labor on white farms in South Africa continued to occupy the minds of more progressive groups. Of an estimated 2 million, economically active black workers in agriculture (on white farms and in the homelands), many have left farms for better-paying jobs elsewhere. It is estimated that within 2-3 years as much as a third of this labor force will leave farm work, unless a minimum wage is granted and better working conditions established.

In general, food supplies were overabundant in South Africa during most of 1974. Agricultural imports of rice, tallow, and other products, which come mostly from the United States, rose above those of the previous year. Also, an estimated 2,000 to 3,000 head of cattle for breeding purposes entered the country, coming predominantly from the United States.

The Republic of South Africa is not self-sufficient in red meat production, and must import supplies from neighboring countries to fill the deficit. In 1974, limited quantities also came from the European Community and Australia. Red meat consumption is on the rise, and South Africa is implementing a beef cattle improvement scheme. The country's policy is aimed at becoming, one day, self-sufficient in red meat, as is the case for poultry and poultry products.

Stimulated by the high prices of agricultural commodities in other countries, farmers and agricultural union officials have begun to question the marketing system of the country's 22 control boards. An inquiry into the control marketing system was launched in 1974, and members of the inquiry committee are now studying in detail the marketing systems of other nations. In 1975, visits to other countries will be made by members of the inquiry committee.

—Based on dispatch from
RADO J. KINZHUBER
U.S. Agricultural Attaché
Pretoria

World Farm Reports—No. 1

This article is the first in a series of current, on-the-spot reports to be submitted by U.S. Agricultural Attachés in countries that are leading U.S. farm markets or competitors.

In coming weeks, reports from 20 or more countries will highlight production and trade happenings, policies, trends, and prospects both in 1974 and 1975.

It is hoped that these comprehensive reports will help the U.S. producer and exporter to keep abreast of events in foreign countries that will most influence U.S. agricultural production and trade in the year ahead.

Rising Output Hits Coffee

Continued from page 7

for soluble coffee has been the advent of "freeze-dried" and "decaffeinated" instant coffees. These new products have increased their share of the U.S. soluble market significantly during the past 2 years, while the traditional spray-dried instant coffee has been showing a definite loss. Freeze-dried now accounts for 40 percent of all instant and 13 percent of all coffee consumed in the United States.

Increased freeze-dried consumption may stimulate demand for Arabicas from soluble coffee processors. Brazil has shown rapid growth in soluble processing using Arabicas entirely. There are a number of new production facilities in Brazil utilizing the freeze-dried process. Colombia's first freeze-dried coffee plant, built in 1969, at a cost of over $6 million, will produce 2,400 tons of freeze-dried coffee annually.

One factor that may depress future returns for all types is the trend in some producing countries toward expanding coffee production. This is being done through acreage expansion, renewal programs, and use of new technology.

Brazil, for instance, has launched a program to encourage the planting of 600 million new coffee trees. Seedlings were to be subsidized, as were certain quantities of other inputs such as fertilizer. In addition, interest rates and financial terms were favorable. According to reports, response was favorable, and the program was completed by the end of 1974.

A segment of the program particularly encouraged by the Brazilian Government has been the shift in the pattern of new plantings. The frequent occurrence of damaging frost and the emergence of more profitable alternative crops like soybeans is moving coffee off marginal acreage in Paraná. At the same time, however, it is moving back into São Paulo, and expanding further in Minas Geraís.

While the program appears to have reached its objectives, it should be kept in mind that a certain percentage of the new trees would have been planted in any event, as part of the normal replanting undertaken routinely by growers. Thus, the program probably represents a net increment of about 300 million trees, bringing the total coffee tree population in Brazil to about 3 billion. According to Brazilian sources, the planting program may boost the average crop to 28-30 million bags a year within 2-3 years from a 1965-75 average of 22 million bags.

Yield improvement and renewal programs are evident in other countries as well. This is particularly true of Colombia, where the introduction of the Caturra variety and new planting methods have increased total production. In the Ivory Coast, the 1971-75 Development Plan foresees coffee production rising from the present annual average of 3.8 million bags to about 4.4 million by 1975.

The possibility of further stock accumulation in the years ahead thus should not be excluded. Utilization of coffee in the importing countries has increased very slowly in the past few years, totaling about 57 million bags in 1973-74 (based on total world disappearance) from 53 million bags in 1969-70. This represents about a 2 percent annual increase, due largely to population growth. Hence, the large 1974-75 crop would precipitate a 5-6 million bag gain in stocks held by exporting countries.

NEW YORK SPOT PRICES FOR THE FOUR MAJOR TYPES OF COFFEE
[In U.S. cents per lb]

1974	Santos #4	Colombians	Centrals	Ambriz AA
January 2	69.50	72.00	66.25	55.25
March 1	72.00	78.00	71.50	62.00
May 1	75.00	82.00	70.00	63.25
July 1	68.75	80.25	68.75	59.25
September 3	69.00	75.00	61.50	53.00
November 1	64.25	72.75	56.75	55.25
December 31	67.50	82.00	59.00	56.00
1974 average	76.00	69.45	64.82	57.71
1965-70 average	42.80	46.81	42.92	34.44

U.S. GREEN COFFEE IMPORTS

Type of coffee and country of origin	January-September			
	1973		1974	
	Million bags	*Percent of U.S. market*	*Million bags*	*Percent of U.S. market*
Colombian Milds:				
Colombia	2.03	—	2.66	—
Other	.27	—	.27	—
Total	2.30	13.7	2.93	18.6
Other Milds:				
Mexico & Central America	4.48	—	3.30	—
Other	1.18	—	1.19	—
Total	5.66	33.6	4.49	28.4
Unwashed Arabica:				
Brazil	3.42	—	2.06	—
Ethiopia	.88	—	.48	—
Total	4.30	25.6	2.54	16.1
Robustas	4.57	27.1	5.82	36.9
Total world [1]	16.90	100.0	15.80	100.0

[1] Includes imports from Europe.

Indian Tobacco Output

Continued from page 10

(April-March) are expected to account for one-sixth of projected National Treasury revenues.

At the same time, India hopes to expand exports of cigarettes and other tobacco products, which historically have been insignificant. Even though recent purchases by the USSR have totaled 1 billion pieces, exports remain at a level of less than 2 percent of total Indian cigarette output. India's attempts to expand sales are supported by the duty-free status accorded Indian exports of tobacco products, compared with an export duty of 20 percent ad valorem (or 0.75 rupee per kg, if less) for unmanufactured leaf. Also, rising domestic taxes on tobacco, coupled with inflation, have slowed cigarette consumption at home, increasing export availabilities. Both Western and Eastern Europe are seen as potential markets.

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Jan. 28	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	5.51	+11	6.52
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	5.33	+1	6.43
15 percent	5.57	+9	(1)
U.S. No. 2 Hard Winter:			
13.5 percent	5.10	+12	6.26
No. 3 Hard Amber Durum	6.99	+11	8.90
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.43	−20	3.55
Argentine Plate corn	4.03	−21	4.00
U.S. No. 2 sorghum	3.33	−25	3.47
Argentine-Granifero sorghum	3.46	−27	3.44
U.S. No. 3 Feed barley	3.48	−11	3.04
Soybeans:			
U.S. No. 2 Yellow	6.55	+12	7.50
EC import levies:			
Wheat	.77	0	0
Corn	.47	+9	0
Sorghum	.57	+15	0

[1] Not quoted. [2] Basis c.i.f. Tilbury, England.
NOTE: Price basis 30- to 60-day delivery.

Argentina's Corn, Sorghum Crops Up

Latest estimates now place Argentina's prospective 1974-75 corn crop at 9.5 million metric tons and sorghum at 5 million. Previously, corn was estimated at 11 million and sorghum at 5.5 million metric tons.

Delays Congest Port of Rotterdam

Delays of 3-4 weeks in discharging grain ships currently are being experienced in the port of Rotterdam. Heavier than usual shipments are believed responsible for the congestion, which is expected to continue through early March, when the 60-day validity period of the recently issued corn import licenses expires. The congestion could indicate that offtake by feed compounders is less than anticipated, perhaps signaling declining demand for feed by European Community livestock and poultry producers.

South Korean Rice Imports May Jump

During 1974-75 (November-October), South Korea hopes to import 424,000 metric tons of rice, compared with only 247,000 tons in 1973-74.

At the end of October 1974, Government-owned rice stocks were only 158,000 tons, compared with 642,000 tons for the same period in 1973. This sharp decline in stocks resulted from greatly expanded consumption, which, in turn, reflects the low price of rice and rice/barley mixed grain, relative to wheat flour. In January 1974, the price of wheat flour was increased by 60 percent to keep pace with the constantly rising cost of imported wheat.

TOBACCO

Bulgaria Buys Tobacco Harvesters

Bulgarian representatives recently negotiated for the purchase of 120 automatic tobacco harvesters from a Canadian manufacturing firm. The $1.6 million order resulted in part from the satisfactory performance of five similar machines purchased in 1973 for evaluation by the Bulgarians.

The harvesters will go to Austria for final assembly before being delivered to Bulgaria, presumably in time for the 1975 harvest. Each of the diesel power unit packages includes a transplanter, cultivator, sprayer, and a two-row topper in addition to the harvesting attachment. The automatic harvesters are designed specifically for priming tobacco leaves.

Bulgaria's cigarette exports in Eastern Europe and the USSR have grown from 11 million pounds in 1960 to 124 million pounds in 1973, making it the world's largest exporter of cigarettes. Most of these cigarettes are made from oriental tobacco, the predominant type grown in Bulgaria, although demand for blended cigarettes has steadily increased in recent years. Bulgaria is apparently interested in increasing domestic production of flue-cured and burley leaf to fill the rising demand for the blended-type cigarettes.

About 20 million pounds of flue-cured tobacco are produced in Bulgaria annually on large State farms in the Danube River region. These large farm units would be ideally suited for mechanization and are most likely the area in which the harvesters will be utilized.

Each automatic harvester generally can handle 60 acres of flue-cured tobacco. In Bulgaria, this would mean the 125 machines could handle 7,500 acres, or approximately 8 million pounds of raw tobacco (based on the indicated yield of 1,052 pounds per acre in 1974).

Automatic harvesters on farms during the 1974 harvest season in the United States were estimated at 1,200 and in Canada, 100. The degree of mechanization in a country using automatic harvesters is indicated by the acreage per machine. Based on 1974 flue-cured production, there was one machine for every 512 acres in the United States, and for

every 1,208 acres in Canada. The estimated Bulgarian acreage for 1974 and the use of 125 machines would amount to one machine for every 160 acres.

Whether automatic harvesters will be substituted for labor on the existing flue-cured acreage, used to increase flue-cured production, or modified for use on alternative types of tobacco remains uncertain. The apparent increased demand for flue-cured leaf, however, suggests that the new equipment would be used primarily to boost flue-cured production.

In recent years the United States has not shipped any leaf tobacco to Bulgaria. Prospects for such trade, however, have improved with the recent signing of the Trade Reform Act that provides for the possible extension of most-favored-nation (MFN) tariff treatment to Bulgaria. Such a move could lead to bilateral trade, with the United States taking oriental leaf from, and shipping high quality flue-cured and burley leaf to, Bulgaria. The purchase of the automatic harvesters should not significantly affect this potential trade until the quality of Bulgarian flue-cured improves.

Germans Introduce "Nicotine-free" Cigarettes

Smoker acceptance of recently introduced "nicotine-free" German cigarettes (those having less than 0.3 percent nicotine in the main smoke stream) is reportedly very good as the move to lighter and milder cigarettes continues. Reports indicate the more general low-nicotine category had captured over 28 percent of the German cigarette market as of November 1974—up from the 25 percent average share for calendar 1973. One German cigarette company recently introduced a cigarette containing cellulosic nontobacco smoking material, a move that could further reduce cigarette nicotine content.

Although this apparent trend toward milder cigarettes could have an adverse effect on the use of high-quality U.S. tobaccos (which are relatively high in nicotine), the sale of the full-bodied cigarettes is also strong. The growing popularity of several U.S. brands is contributing to the steadily increasing market share of this category, which now holds about 40 percent of the market.

Germany is the second principal market for U.S. leaf tobacco exports. In 1973 the United States shipped West Germany 100 million pounds of leaf tobacco valued at $105 million. Exports to Germany during the first 11 months of 1974 were down about 1 percent in volume, but up 5 percent in value from the same period in 1973. However, the U.S. market share in Germany has gradually trended downward for several years.

DAIRY AND POULTRY

Canadian Egg Surplus Reported

The Canadian press reports that another big egg surplus has accumulated in that country, claiming the surplus by the end of January will be equal to 20-25 percent of the month's production.

The article reports the Canadian Government is being urged to restore restrictions on the import of eggs from the United States. Imports reportedly depress internal prices to levels below claimed production costs.

West German Broiler Hatch, Egg Sets Fall

An October 1974 survey shows that in West Germany the number of layer-type chicks hatched in incubators is on the rise, up 4.2 percent, compared with the October 1973 level. Corresponding figures for broiler chicks hatched were down 8.3 percent. Placement of eggs for the production of broiler chicks in January-October 1974 reportedly were down 7.7 percent, compared to that for the same period in 1973, while the placement of eggs for production of laying hens rose 2.7 percent.

Greece Restricts Poultry Trade

Greece has reduced its duty on poultry imports originating in the European Community by 36 percent. This action is in line with the Associate status Greece holds in the EC.

Greece embargoed imports of broilers in March 1974, and turkey imports during February-November 1974, and is moving toward an even more tightly protectionist poultry policy. This recent action will probably permit little, if any, U.S. poultry meat imports in the near future. The EC, on the other hand, will receive preferential treatment in the Greek poultry market.

Cheese Import "Pricebreak" Increased

The U.S. Department of Agriculture has announced that the "pricebreak" which controls the quota status of imports of Emmenthaler cheese, Gruyere-process cheese, and the miscellaneous tariff category of "other" cheese has been increased—from 78 cents to 84 cents per pound, f.o.b. country of origin.

The change results from an increase in the Commodity Credit Corporation's (CCC) purchase price for Cheddar cheese, effective January 3, 1975, from 70.75 cents to 77.25 cents per pound.

Under the provisions of Presidential Proclamation 4138 of June 3, 1972, which established additional import quotas for these cheeses, imports priced below the pricebreak level are subject to a quota; those priced at or above this level are not. The Proclamation specifies that the pricebreak will be 7 cents above the CCC price, rounded to the nearest whole cent, and will change whenever the CCC purchase price changes.

The change became effective with publication of the formal announcement in the Federal Register on January 16.

Shipments in transit at the time of the change will not be affected. Proclamation 4138 provides that merchandise exported to the United States on a through bill of lading or placed in a bonded warehouse on or before publication of the Federal Register notice will not be restricted because of the increase in the pricebreak.

U.S. Treasury Rules On Canadian Eggs

The U.S. Department of Treasury has tentatively ruled that Canadian eggs exported to United States "are not being, nor likely to be, sold at less than fair value"—or, are not being "dumped." A contrary finding, if made final, would open the way to further procedings under the Anti-Dumping Act.

The Treasury announcement of its tentative ruling (*Federal Register*, January 13, 1975) listed deadlines for the receipt of either written arguments applicable to the case, or statements of intentions to present oral views.

U.K. Dairy and Poultry Prices

Price adjustments in U.K. produce markets during the post-Christmas period pushed egg prices down by 20 to 25 cents per dozen; poultry meat prices have continued firm.

The egg situation is aggravated by high rates of lay attributed to continuing mild weather. At the new egg price level, the trade expects imports of French eggs to be no longer attractive.

Denmark Ups Butter Intervention Price

On December 10, 1974, the European Community Council authorized Denmark to apply the full EC intervention price for butter. This results in an increase of 179.81 units of account per 100 kilograms to 183.58, equivalent to an increase from US$1.10 per pound to US$1.12. Under the EC Accession Treaty, the Council can permit a new Member State to apply the Community intervention price on a product where the change is minimal. This change is not likely to significantly affect the European butter situation.

FRUIT, NUTS, AND VEGETABLES

Freeze Hits Mexican Citrus Areas

On the mornings of January 13 and 14, temperatures of 23-34° F. were quite common in the Mexican citrus producing area around Montemorelos in the State of Nuevo Leon. Temperatures remained at this level for approximately 3 hours. Freeze damage also was reported in the Linares area of Nuevo Leon. Citrus areas in the neighboring State of Tamaulipas, however, escaped damaging temperatures.

According to trade reports, the Montemorelos area still had quite a few early season oranges remaining for harvest at the time of the low temperatures and nearly all of its Valencias. Only a small part of the grapefruit crop remained to be harvested.

Canada Upgrades Storage For Perishable Produce

In the first Maritime grant under the Canadian Fruit and Vegetable Storage Construction Assistance Program, Gagetown Apple Cooperative Ltd., of Gagetown, New Brunswick, will receive Can$17,333 to finance a 10,000-bushel controlled atmosphere storage addition to its present cold storage unit. The program was set up in October 1973 to encourage construction of storage units suitable for the preservation of perishable fruits and vegetables. This grant, announced by Agriculture Minister Eugene Whelan on December 27, 1974, brought the total financial commitments by the Canadian Government under the program to Can$1,562,633.

Spanish Dried Fruit Crop Down

Current reports indicate a revised 1974 Spanish dried fruit crop of 8,700 metric tons, 19 percent below the 1973 pack of 10,700 tons. Production of all items is below the 1973 level. Estimates for individual commodities (in tons) are: Apricots, 500; figs, 3,500; and raisins, 4,700. Lower exports are forecast during the 1974-75 season. Total 1973-74 exports of dried fruit (in tons) are reported to be: Raisins, 2,105; dried apricots, 532; and figs and fig paste, 3,500.

The United Kingdom, France, Sweden, and Morocco are the major export markets for raisins. The United States is the major export market for fig paste, while Venezuela, Brazil, and Norway are the major markets for whole dried figs. Scandinavia takes most Spanish exports of dried apricots.

Iran Buys U.S. Oranges

A sizable sale of fresh California Navel oranges—involving 1,250,000 cartons—has been made to Iran. The sale represented an equivalent of four boatloads with an option for four more. The first shipment was expected to be available for consumers in Tehran by mid-January.

GENERAL

U.S. Examines Subsidies On Six Foreign Farm Exports

Six agricultural products are under examination as part of the 30 active investigations being pursued by the U.S. Department of Treasury under the countervailing duties statute (Section 303 of the Tariff Act of 1930) to determine the existence or nonexistence of an export "bounty or grant" (subsidy) within the meaning of that law. A notice of active investigations was published January 15 in compliance with the recently enacted Trade Act of 1974, whch requires such notice within 6 months after receipt of a viable complaint or of complaints which are outstanding at the time of passage of the Act. A final decision is required within 12 months after receipt or passage of the Act, whichever is later. Accordingly, tentative determination will be made no later than July 4, 1975, with a final decision by January 4, 1976.

The commodities and countries involved in the investigations are: Dairy products, the European Community; cheese, Austria and Switzerland; processed asparagus, Mexico; dried apples, Italy; and canned hams, the EC.

Metric Standards Set For Beverage Industry

The alcoholic beverage industry is to be the first major U.S. industry to convert to metrication. According to an announcement by Secretary of the Treasury William E. Simon, domestic and imported wines, as of January 1, 1979, must be bottled in seven standard metric sizes.

Published in December, the new regulations also specify the number of units per shipping container. The seven new metric sizes are 3 liters (101 oz), 1.5 liters (50.7 oz), 1 liter (33.8 oz), 750 milliliters (25.4 oz), 375 milliliters (12.7 oz), 187 milliliters (6.3 oz), and 100 milliliters (3.4 oz).

Conversion to metric bottles will reduce the number of domestic wine bottle sizes from 16 to 7, and imported wine bottle sizes from about 27 to 7.

The Secretary noted: "The standard sizes should facilitate buyer comparison, and unit pricing of wines by retail stores. In addition, the regulations will require bottlers to state the net content of the bottle in metric measurement with the equivalent volume in U.S. measure to be shown in fluid ounces, accurate to the nearest one-tenth of an ounce, if the conversion is done before January 1, 1979." He added that a bottler may convert to metrication any time before the mandatory date, but after that may not revert to the old system.

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Spain's Smaller Citrus Crop and Exports

Continued from page 5

ume put on the market is not excessive, Spanish exporters should benefit accordingly.

Producer prices at the start of the 1974-75 season were at about the same levels as in October 1973.

Based on export and processed fruit projections, Spain is expected to consume an estimated 632,150 tons of citrus fruit in 1974-75—about 9 percent less than in the previous year.

Promotion of Spanish citrus fruit at home and abroad cost the Spanish Government about $2.4 million in 1973-74. Of this amount, about $235,000 was spent in the United Kingdom, with about 38 percent of this sum allotted to television advertising; $581,000 in Germany and Austria, $226,000 in France and about $40,000 in Switzerland.

For the 1974-75 season, an estimated $2.7 million has been earmarked for citrus promotion, of which about $895,000 is to be spent in West Germany, $537,000 in France, and about $180,000 in the domestic market.

In addition to extensive use of the national trademark "Spania," nine Valencia exporters have launched a brand promotion directed primarily toward boosting sales in the U.K. market. Also, a joint U.K.-Spain promotion features a new citrus brand, "Chico."

THE GOVERNMENT has increased the export rebate on citrus fruit from 1.5 to 6.5 percent. Also, the Government has agreed to provide short-term loans to finance up to 80 percent of the value of citrus exports under firm orders.

Spain's citrus processors turned out an estimated 279,300 tons of fruit in the 1973-74 season, including 207,000 tons of oranges, 43,300 tons of tangerines, 25,000 tons of lemons, and 4,000 tons of grapefruit.

This total is nearly 11 percent less than the record 313,500 tons processed in 1972-73. Based on Ministry of Agriculture data, 207,292 tons—about 74 percent—of the fruit processed in 1973-74 were subsidized by the Government at the rate of $20-$26 per ton, depending on type and variety.

Processed juice output, of which 77 percent was orange juice, totaled 52,000 tons in 1973-74; citrus fruit sections, of which Satsuma fruit in syrup accounted for about 95 percent, totaled 21,005 tons; and essential oils totaled about 159 tons. Peel production data are not available.

While citrus fruit juice and essential oil output in 1973-74 declined by only 6.3 and 9 percent, respectively, from 1972-73, the production of Satsuma sections in syrup dropped by nearly 50 percent as a result of slackening demand in Western Europe.

While processors' prices are at about the same level as those paid in October 1973, processors' costs have increased from 40 to 100 percent over those of a year earlier. In addition, tinplate supplies for canning reportedly are tight.

Hot-pack juice processing continued to dominate the industry, with only an insignificant production of frozen or freeze-dried items. Sweetened juices still represent the bulk of Spain's total juice pack.

The Government subsidizes fresh fruit purchases for processing—the only assistance granted by the Government to the citrus processing industry.

On the basis of Spanish Customs data, it is likely that exports of citrus products in the 1973-74 season consisted of about 10,000 tons of canned citrus fruits in syrup (95 percent Satsuma sections), compared with 36,780 tons in 1972-73; 18,000 tons of fruit juices, of which 58 percent was single-strength orange juice and the balance concentrates, compared with 18,406 tons in the preceding season; 6000 tons of peel; and 150 tons of essential oils.

THE SHARP declines stem from slackening demand in Western Europe. The United Kingdom, West Germany, and France wert the principal outlets for Spanish citrus products in the 1973-74 season.

Export prices in the 1974-75 season are expected to be 25-30 percent higher than those of the previous season. Even though it is clear that higher costs will have their influence on prices, reportedly high stocks of 1973-74 products and slow demand in Western Europe are causing some short-term anxiety among exporters.

In addition to competition from foreign producers who can offer fresh fruit 12 months of the year, consumption of citrus products also may be adversely affected by the sharp increases in prices of many basic components in the consumer food basket. The industry believes domestic consumption of citrus products in the new season is not likely to grow—even moderately.

The Spanish Citrus Board of Exporters is reported to be contemplating steps to expand foreign markets for refrigerated single-strength juices shipped in isothermal tanks without antifermenting agents under a process developed by the Food Chemistry Institute of Valencia that permits storage without fermentation for as long as 21 days.

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